

Statement of Work (SOW)
Department of Transportation, Office of the Secretary
Financial Management Business Transformation

Delphi Cost Study

A. Purpose:

The purpose of this task order is to obtain contactor services as part of the Department of Transportation's (DOT) Financial Management Business Transformation Program for the Enterprise Services Center's Office of Financial Operations (AMZ). The task order is prepared to obtain the resources to support the development of a unified cost baseline and pricing system for the ESC.

B. Background:

Established in 1967, DOT sets Federal transportation policy and works with State, local, and private sector partners to promote a safe, secure, efficient, and interconnected National transportation system of roads, railways, pipelines, airways, and seaways. DOT's overall objective is to create a safer, simpler, and smarter transportation program for the United States. DOT employs almost 60,000 people across the country, in the Office of the Secretary of Transportation (OST) and through twelve Operating Administrations (OAs) and bureaus. Each OA maintains its own management and organizational structure, while OST provides overall management direction and Departmental administrative oversight, policy and support.

DOT is the first Cabinet-level federal entity to successfully implement a state-of-the-art commercial off the shelf (COTS) solution for Financial Management throughout the entire Department. All of DOT's federal agencies are on a single instance of the Oracle Enterprise Resource Planning (ERP) software solution called Delphi. Delphi was implemented by and is supported and hosted by the Enterprise Services Center (ESC). ESC is a Federal Aviation Administration (FAA) organization that is a cross-servicing division of DOT, and is located at the FAA Mike Monroney Aeronautical Center (MMAC) in Oklahoma City, Oklahoma. The DOT OST Office of Financial Management (B-30) provides the Delphi Program with Departmental sponsorship and managerial oversight. Additionally, B-30 develops DOT-wide financial policy and performs oversight and strategic direction for DOT financial operations.

Additionally, ESC is one of four federal Shared Service Providers (SSP) designated by the Office of Management and Budget (OMB) to provide financial management information system services to other governmental agencies. In addition to serving DOT, ESC supports other federal entities.

ESC is responsible for all Oracle applications development and programming via Oracle program extensions, Oracle system administration, Oracle application administration, Oracle security administration, performance monitoring and all other Oracle technical related production maintenance activities. ESC performs all Delphi functional activities, including design and development of custom extensions, global Oracle applications setup, testing all functional software changes, Tier 2 help desk support and all functional related production control activities. ESC provides Delphi UNIX/Linux operating systems software support, ESC Delphi server hardware administration, console operations, Delphi database administration and all physical server facilities support. Additionally, over the last several years, all the financial transaction processing of every DOT OA has been consolidated to the ESC. ESC provides

Statement of Work (SOW)
Department of Transportation, Office of the Secretary
Financial Management Business Transformation

Delphi Cost Study

month-end and year-end close resources, centralized cash operations services, financial statement generation and Delphi/Oracle data integrity reconciliation services for most of the DOT OAs and its non-DOT customers.

During FY 2007, B-30, in partnership with ESC and the Departmental financial community, embarked on an initiative to standardize DOT business processes, develop and define requirements for future financial management system upgrades and establish a strategic plan to standardize the DOT financial management business model in accordance with OMB's Lines of Business Initiatives.

To date, the Department has established a governance structure by which this program will be managed; chartered five workgroups responsible for accomplishing each of the five goals listed above; and established a Business Transformation Team (BTT) responsible for managing and coordinating the daily progress of the transformation initiatives. Critical to the success of the FMBT is the ability to transparently and accurately allocate and track the costs of (1) hosting the financial management system, (2) operating and maintaining the financial management system, and (3) conducting financial operations and transaction processing. Additionally, the FMBT requires advice and expertise on pricing SSP financial services.

C. Scope of Work:

To date, DOT has accomplished preliminary work associated with establishing a cost baseline for hosting, operating and maintaining the financial management system. DOT is requesting contractor assistance with analyzing these activities and recommending best practices on moving forward. Contract resource(s) shall possess expertise in activity based costing (ABC) and cost accounting best practices, an in-depth understanding of consolidated federal financial management center operation, and the ability to address sensitive organizational issues skillfully and tactfully. Contract resource(s) will be required to travel on a limited basis.

Primary tasks include but are not limited to the following:

- (1) Analyze ESC operations related to the financial system to determine how costs are accumulated (cost pools) and how costs are allocated (cost targets) for:
 - a. Hosting the financial management system
 - b. Operating and maintaining the financial management system
 - c. Conducting financial operations and transaction processing
 - d. Administrative and management overhead
- (2) Make recommendations on how to organize, capture and track all costs relevant to the financial management system.
- (3) Make recommendations on how to allocate costs equitably to both internal and external customers through a revised cost tracking system.

Statement of Work (SOW)
Department of Transportation, Office of the Secretary
Financial Management Business Transformation

Delphi Cost Study

- (4) Evaluate ESC Managerial Accounting procedures to determine how ESC administrative and operational costs compare to other Federal SSPs and make recommendations on how management can make improvements to current cost tracking methods based on benchmarking analysis.
- (5) Analyze ESC's current customer pricing structure for all financial services customers and make recommendations on how ESC can more effectively develop customer price quotes based on cost allocations. Based on industry best practices, recommend a revised pricing strategy that more effectively links specific customer costs to the customer's price.
- (6) Based on government best practices, make recommendations on how the revised EWSC costing and pricing strategy can be aligned with the Department's OMB-300 submission for the Delphi system.

D. Project Deliverables:

Within 10 days of contract award, the contractor shall provide the Contract Officer Technical Representative (COTR) with a schedule identifying the timeframes for completing the requirements of the task order. At a minimum, the contractor will provide the following deliverables:

- (1) Analysis of current ESC Cost Centers
- (2) Document summarizing recommendations on how to organize, capture and track all costs relevant to the financial management system.
- (3) Document summarizing recommendations on how to allocate costs equitably to both internal and external customers through a revised cost tracking system and recommendations on how management can make improvements to current cost tracking methods based on benchmarking analysis.
- (4) Document summarizing proposed revised ESC pricing strategy
- (5) Document summarizing recommendations on how to align revised costing and pricing strategy with OMB-300 submission

E. Government furnished equipment/facilities:

The government will provide temporary office space to include telephone and computer hook up at the Enterprise Services Center and DOT Headquarters when required to perform the task order requirements. All materials provided by the Government during the course of this contract will remain the property of the Government and will be returned on completion of the contract. All deliverable prepared by the contractor during the course of this contract will also remain the property of the Government upon contract completion.

- (6) **Place of Performance:**

Statement of Work (SOW)
Department of Transportation, Office of the Secretary
Financial Management Business Transformation

Delphi Cost Study

The contractor will be required to perform the task order requirements at the Department's Headquarters in Washington, DC and the Enterprise Services Center in Oklahoma City, Oklahoma.

(7) Hours of Performance

The contractor will be required to perform the task order requirements during regular business hours from 9:00 a.m. to 5:00 pm. Monday through Friday.